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SUBJECT: BELIZE BATTLES OVER SHARE OF TOURIST FEES

Summary

¶1. A dispute between the Belize City Council (CitCo), the Belize Tourism Board (BTB), and the Government of Belize (GoB) continues to dominate the news. At issue is the division of the USD 7.00 head tax every cruise ship passenger must pay to the GoB. While the GoB is amenable to giving the CitCo a portion of the head tax, the CitCo says their offer is not enough. It wants not only a share of the head tax, but the autonomy to spend its share as it sees fit. End summary.

"Respectable Increase" in Tourists Presents a Mixed Picture

¶2. The recent release of preliminary figures from the Belize Tourism Board (BTB) - Belize's official tourism and tourist information organization - indicates that 2006 showed a "respectable increase" in visitor arrivals. Figures for January through November 2006 show a 2.9 percent increase in visitors arriving at Philip Goldson International Airport, the country's primary port of entry for overnight tourists. That number grows to 4.3 percent once other ports of entry (i.e., the border points of Benque Viejo and Santa Elena and the sea ports of Dangriga and Punta Gorda) are included. BTB also reports that after the December numbers are calculated, the organization expects the total number of such tourists entering Belize in 2006 to approach 250,000.

¶3. The numbers for cruise ship arrivals, however, were disappointing. According to BTB figures, less than 650,000 cruise ship passengers visited Belize in 2006 - a significant drop from 2004 when BTB recorded over 850,000 arrivals. But since cruise ship passengers spend less than one day in Belize (and, therefore, have less opportunities to spend their U.S. dollars here), BTB continues to focus on attracting more overnight visitors who traditionally spend more while in the country.

Butting Heads Over Head Tax

¶4. All of this has been overshadowed by the current dispute between BTB and the Belize City Council over the USD 7.00 head tax that is collected from the passengers of every cruise ship that docks in Belize. The dispute has reignited in the last few weeks in response to citizens' complaints about the poor quality of Belize City services and streets. Under current law, the head tax is divided three ways: USD 1.60 to BTB, USD 1.40 to the Protected Areas Conservation Trust (PACT), and the remaining USD 4.00 to the Fort Street Tourism Village - an extensive strip of privately owned waterfront stores and restaurants catering to cruise ship passengers. The Belize City Council (CitCo), led by Mayor Zenaida Moya, argues that it deserves a piece of the head tax pie because it

is mainly Belize City streets and services that are impacted by the increased tourist traffic.

15. Two weeks ago, with little communication between the central government administration (controlled by the People's United Party) and the CitCo (all of whom are members of the opposition United Democratic Party), Moya threatened unspecified but visible public action such as blockage of streets leading to/from the tourist village. Such action was avoided last week, when the GoB agreed to allocate USD 1.00 of the USD 7.00 head tax to the Belize City Council. However, the CitCo has yet to accept the deal because the GoB's proposal calls for depositing the monies into a special account in the name of the Belize City Tourism Development Fund, to be administered by the Minister of Local Government and used for tourism projects as specified by BTB. Thus far, Moya has objected to the GoB's proposed oversight, preferring instead that the funds be given directly to the CitCo to use as it sees fit. Moya and her councilors planned to meet with her party's leadership over the weekend to decide whether or not to accept the GoB's terms.

Comment

16. When it comes to tourism - a major industry in Belize - the GoB appears to suffer from some sort of split personality. GoB leaders trumpet the importance of the industry to the country's economy, but fail to invest in the infrastructure that tourists (and Belizeans) rely on. The head tax feud is no different. The Belize City municipality has been suffering from a shortage of funds since the current mayor and councilors took office last March. (Former mayor David Fonseca admitted to taking several hundred thousand dollars in salary and cash advances before leaving office, but no criminal charges were filed). While a share of the head tax will certainly benefit the CitCo, it presumably will benefit the national economy

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as well by making Belize a more attractive port for the cruise ship industry. But partisan politics continue to trump any larger vision. Municipal governments have very limited sources of revenue outside the annual subjections controlled by central government. This struggle for control of revenue, if successful, could be a significant step toward more local autonomy. End comment.

DIETER